THE FARM INCOME STABILIZATION COMMISSION OF ONTARIO

FIFTH ANNUAL REPORT

Fiscal Year Ended March 31, 1982

ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO

HON. DENNIS R. TIMBRELL
MINISTER

Toronto, Ontario
October 8, 1982

To The Honourable Dennis R. Timbrell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual Report of The Farm Income Stabilization Commission of Ontario for the period April 1, 1981 to March 31, 1982 including the report of the Provincial Auditor.

Respectfully Submitted

M. Huff, Chairman
The Farm Income Stabilization Commission of Ontario

Fifth Annual Report

of

The Farm Income Stabilization Commission of Ontario

For Fiscal year Ended March 31, 1982

COMMISSION MEMBERS

HENRY EDIGER — Chairman

RAYMOND McDONALD — Member

GEORGE MCLAUGHLIN — Member

ALBIN KORMOS — Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)

BILL JONGEJAN — Member
(Rep. Christian Famers Federation)

OFFICERS

H. EDIGER
General Manager

M. J. TAGGART
Assistant General Manager / Accounting

BARBARA HUNTER
Secretary

FARM INCOME STABILIZATION COMMISSION

RESPONSIBILITIES

- administration of the Farm Income Stabilization Act
- administer plans of Farm Income Stabilization established by regulations
- provide for surveys and research relating to farm income stabilization to obtain statistics for Commission purposes.

PROGRESS

The Farm Income Stabilization Commission offers four Grain Plans - Winter Wheat, White Beans, Soybeans and Corn - and a Weaner Pig Stabilization Plan. The present three-year Grain Plans expire at the end of the 1981-82 crop year. The five-year Sow Weaner Plan terminates on March 31, 1985.

Farmers enrolled in the Plans are required to register and pay the required fees at prescribed times. The fees required represent one-third of the estimated maximum payout of 5%.

Fees on deposit earn interest. If these fees, plus the accumulated interest, are not used for a payout, they are returned to producers at the termination of the Plan.

The production period for grains is one year, while for hogs it is six months.

Continued depressed pork prices resulted in a payment of $51.94 per sow to pork producers for Period 2, in June, 1981. This amounted to Ontario Government contributions of $6,522,834.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

(Incorporated without share capital under
the Farm Income Stabilization Act)

Balance Sheet
as at March 31, 1982

ASSETS

	1982	1981
	$	$
Cash in banks	4,869,818	3,802,925
Accounts receivable (note 4)	1,633,993	1,478,752
	6,503,811	5,281,677

LIABILITIES

Accrued interest and accounts payable	223,427	83,619
Farmers' enrollment fees, including interest income (schedule 1) (note 3)	3,976,373	3,559,041
Government subsidies (schedule 2) (notes 3 and 4):		
Balance of funds on hand re -		
Ontario Corn Stabilization Plan, 1977	—	4,449
Ontario White Bean Stabilization Plan, 1978-1980	—	36,794
Ontario Weaner Pig Stabilization Plan, 1980-1985	377,208	173,971
	377,208	215,214
Loans from the Treasurer of Ontario (note 5)	1,926,803	1,423,803
	6,503,811	5,281,677

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1982 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1982 and the results of its operations in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor

Toronto, Ontario
July 30, 1982.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1982

	1982	1981
	$	$
Receipts:		
Ontario Corn Stabilization Plan, 1977:		
Farmers' fees withheld from stabilization payments	2,224	9,282
Interest income	—	197,170
	2,224	206,452
Ontario White Bean Stabilization Plan, 1978-1980:		
Sundry deductions from farmers' share	—	4,399
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Subsidy from Province of Ontario	6,900,000	4,700,000
Loans from Province of Ontario	1,565,000	2,700,000
Interest income	190,652	—
Interest on outstanding fees (note 4)	77,905	4,647
	8,733,557	7,404,647
Farmers' enrollment fees, including interest income (note 3)	3,380,384	3,415,470
Administrative expenses paid by Province (notes 1 and 2)	142,515	169,031
Miscellaneous revenue	—	681
	12,258,680	11,200,680
Disbursements:		
Stabilization payments:		
Ontario Corn Stabilization Plan, 1977	6,673	27,846
Ontario White Bean Stabilization Plan, 1978-1980	—	154,809
Ontario Weaner Pig Stabilization Plan, 1980-1985	9,787,262	10,050,806
	9,793,935	10,233,461
Repayment of loans from Province of Ontario	1,062,000	1,276,197
Interest expense	193,337	—
Administrative expenses	142,515	169,031
Miscellaneous expenses	—	2,501
	11,191,787	11,681,190
Excess (deficiency) of receipts over disbursements	1,066,893	(480,510)
Cash in banks, beginning of year	3,802,925	4,283,435
Cash in banks, end of year	4,869,818	3,802,925

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Farmers' Enrollment Fee Balances by Plan
as at March 31, 1982

Ontario Stabilization Plans	Balance April 1, 1981	Fees	Interest	Total	Share of Payments	Balance March 31, 1982
(note 3)	$	$ (note 3)	$	$	$	$
Corn	1,686,000	85,055	283,853	368,908	2,224	2,052,684
Soybean	281,976	19,733	47,758	67,491	—	349,467
White Bean	76,770	2,604	12,859	15,463	—	92,233
Winter Wheat	494,225	8,394	82,141	90,535	—	584,760
	2,538,971	115,786	426,611	542,397	2,224	3,079,144
Weaner Pig (notes 3 and 4)	1,020,070	3,111,859	27,719	3,139,578	3,262,419	897,229
	3,559,041	3,227,645	454,330	3,681,975	3,264,643	3,976,373

See accompanying schedules and notes to financial statements.

SCHEDULE 2

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies
for the year ended March 31, 1982

	1982	1981
	$	$
Ontario Corn Stabilization Plan, 1977:		
Balance, beginning of year	4,449	1,991,489
Stabilization payments	6,673	27,846
Less farmers' share (1/3) witheld from payments	2,224	9,282
	4,449	18,564
Interest income	—	197,170
Forfeited fees and other credits	—	8,864
	—	2,178,959
Transfer to Ontario Weaner Pig Stabilization Plan, 1980-1985	—	2,174,510
Balance, end of year	—	4,449
Ontario White Bean Stabilization Plan, 1978-1980:		
Balance, beginning of year	36,794	140,000
Stabilization payments	—	154,809
Less farmers' share (1/3)	—	51,603
	—	103,206
Transfer to Ontario Weaner Pig Stabilization Plan, 1980-1985	36,794	—
Balance, end of year	—	36,794
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	173,971	—
Subsidy from Province of Ontario	6,900,000	4,700,000
Transfers from:		
Ontario Corn Stabilization Plan, 1977	—	2,174,510
Ontario White Bean Stabilization Plan, 1978-1980	36,794	—
Interest income	190,652	—
Forfeited fees and other credits	634	—
	7,128,080	6,874,510
Stabilization payments	9,787,262	10,050,806
Less farmers' share (1/3)	3,262,419	3,350,267
	6,524,843	6,700,539
Provision for bad debts	400,000	—
	6,924,843	6,700,539
Balance, end of year	377,208	173,971

See accompanying schedules and notes to financial statements.

SCHEDULE 3

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Administrative Expenses
for the year ended March 31, 1982

	1982	1981
	$	$
Salaries and wages	13,300	62,400
Employee benefits	500	11,600
Transportation and communication	10,556	13,029
Services	110,579	67,581
Supplies and equipment	7,580	14,421
	142,515	169,031

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses essentially a cash basis of accounting except for the following modifications:

i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.

ii) Fees recorded in Schedule 1 are on an accrued basis and an allowance for doubtful accounts has been established as discussed in note 4.

iii) Interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Stabilization support payments are limited to the difference between 90 and 95 per cent of the five-year average market price as adjusted for changes in cash costs of production.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6 (3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

The following voluntary plans were established during the period from inception of the Commission to March 31, 1982:

	Ontario Regulation
Ontario Corn Stabilization Plan, 1977	365/78
Ontario Corn Stabilization Plan, 1978-1980	508/78
Ontario Soybean Stabilization Plan, 1978-1980	509/78
Ontario White Bean Stabilization Plan, 1978-1980	510/78
Ontario Winter Wheat Stabilization Plan, 1979-1981	331/79
Ontario Soybean Stabilization Plan, 1979-1981	479/79
Ontario Corn Stabilization Plan, 1979-1981	480/79
Ontario White Bean Stabilization Plan, 1979-1981	481/79
Ontario Weaner Pig Stabilization Plan, 1980-1985	585/80

3. FARM INCOME STABILIZATION PLANS (cont'd)

The majority of applicants in the 1978-1980 plans have been transferred to the 1979-1981 plans. Enrollments under the winter wheat plan 1979-1981 and the 1979-1981 plans for soybean, corn and white bean are for 3 year terms ending June 30, 1982 and August 31, 1982 respectively. Enrollments under the weaner pig plan are for a term ending March 31, 1985. At the end of the term, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon.

The Commission shall, at the discretion of the Treasurer of Ontario, pay into the Consolidated Revenue Fund any surplus moneys in the Fund that are not necessary for the current requirements of the Commission in accordance with section 12 of the Farm Income Stabilization Act.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. In order to pay the producers the maximum amount possible under the regulations when stabilization support payments are made, the difference between the farmers one-third share of the stabilization support payments and their prepaid registration fees are not deducted from the stabilization support payments but rather are recorded as accounts receivable. While the Commission will endeavour to recover the advances including interest at a later date, a reserve for doubtful accounts of $400,000 (1981 - nil) has been established.

5. LOANS FROM THE TREASURER OF ONTARIO

The Treasurer of Ontario has provided loans under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of each of these loans is five years, and they bear interest for that term at the current market rate as determined by the Treasurer of Ontario at the time such loans are authorized by Order in Council.

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the 1982 presentation.